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SUBJECT: QIZ LABOR UPDATE

REF: A. A) AMMAN 686

[B](#). B) 03 AMMAN 7292

[1](#)1. (SBU) SUMMARY: Employing more than 30,000 workers, more than half of whom are Jordanians, Qualifying Industrial Zones (QIZs), are an important part of the Jordanian economy, especially the textile and apparel sector. Though working conditions are generally good, including for foreign workers, low starting wages, demographics, and the lack of a skilled workforce have limited the ability of the GOJ to increase the percentage of Jordanian workers. The GOJ has instituted two training programs to address these problems. The textile workers, union sees most of their concerns being resolved, but would like to see some improvements, including higher wages. END SUMMARY.

The Workers: Foreign vs. Domestic

[1](#)2. (U) QIZs now employ between 30,000 and 38,000 workers, depending on the source. The vast majority of these are employed in textiles and apparel, Jordan's leading export manufactured goods and the primary QIZ export. Each QIZ and firm within the QIZs offers slightly different working conditions and wages, but as reported in ref B, most textile and garment workers have a 48-hour week and can clock up to 12 hours of overtime, which provides 1.25 times regular pay and 1.5 times on weekends and holidays. Most foreign workers contract to work 60-hour weeks and are compensated at a higher base pay rate than Jordanians. Anecdotal information indicates a number of foreign workers are putting in more than 60-hour weeks, especially in the high-demand seasons. Many managers and union leaders report that Jordanians prefer not to work overtime. Foreign workers are reportedly earning USD 200 to 300 dollars on average a month, well above the minimum wage of 85 JD (120 USD). (COMMENT: This likely reflects the foreign workers' greater experience as industrial garment workers, since many are recruited out of native factories after at least five years of work. END COMMENT.) With bonuses, the best workers are reportedly making up to USD 350 to 400 per month.

[1](#)3. (SBU) The percentage of Jordanian workers in the QIZs has increased over recent years and as of one year ago reached a high of 65 per cent. However, this percentage has declined to 56 per cent recently, due to at least three causes. First, as new factories have continued to open, investors need a base of experienced workers, which can thus far only be obtained among expatriates, to begin production. Second, the expansion and upgrading of product lines in established factories, some of which once had 100 per cent Jordanian workers, require similar inputs of experienced workers. Third, increases in the aggregate Jordanian QIZ workforce come slowly in the face of domestic demographics (see paragraphs 8 and 9).

[1](#)4. (SBU) QIZ workers can be generally confident the labor market favors them for the present. Judging from the complaints of factory managers who say their workers are not loyal, job-jumping to secure a better wage is a common practice. Because of foreign workers, contractual obligations, this is almost exclusively a practice among Jordanian workers. One American manager who took over in a QIZ firm planned on enhancing his bonus system to keep good workers. This same firm reportedly hired away an effective floor manager from a competitor by offering a substantially higher wage.

Foreign Workers, Conditions

[1](#)5. (SBU) The bulk of foreign workers come from China, Pakistan, Sri Lanka, and Bangladesh, with smaller numbers coming from the Philippines and South Korea. Foreign workers usually live in dorms either on or near QIZ estates and many receive meals as part of their contracts. Tajamouat Estate near Amman built its dorms according to JC Penney standards and hired chefs from Sri Lanka and China to cook for the workers; the factories pay Tajamouat as part of its one-stop shopping service. The source country embassies regularly

visit those QIZs with heavy foreign worker concentrations, according to workers and managers. Consular officials from the Sri Lankan and Philippine Embassies have stated that their nationals working in the QIZs are the least of their concerns because of the confidence the officials have in their living and working conditions.

16. (SBU) The MOL Secretary General also confirmed that, in the early years of the QIZs, he used to hear daily⁸ from the Sri Lankan, Indian, and Bangladeshi ambassadors. He hears from them much less frequently now, an indication that foreign workers currently experience fewer problems. An issue that the concerned ministries are just beginning to address in a systematic way is the behavior of home-country labor recruiting agencies, to ensure they are acting in accordance with international standards and Jordanian labor law. The GOJ requires the licensing of bonded labor agencies within Jordan.

17. (U) The Embassy keeps a close eye on the QIZ conditions, as do many Jordanians. When a brief press report mentioned food poisoning among foreign workers at the Al Hassan QIZ estate earlier this year, embassy followed up over the weekend with factory and industry consultant contacts to get a status report. It turned out that a group of workers had gone to a low-grade restaurant in Irbid on their day off. Based on many months of visits to QIZs (sometimes without an appointment) we have seen first-hand that the Jordanian labor code applies equally to foreign workers.

Hiring Constraints

18. (U) The MOL's goal remains 100 per cent domestic employees in QIZs, but employers face problems recruiting and retaining local employees. For example, most QIZ employers pay the minimum wage as starting pay, which the MOL admits does not meet Jordanians' needs. (Note: The GOJ is involved in an ongoing dialogue with the General Federation of Jordanian Trade Unions regarding raising the minimum wage. End note.) In addition, the MOL reports that even workers from rural areas especially hard hit by poverty are often not willing to move to urban areas to earn the current minimum wage, though the Village Program⁸ described below is a notable exception. At the same time, the MOL realizes that low production costs attract and retain investors and they recently reduced QIZ work permit fees for foreign workers in order to maintain investment growth.

19. (U) Another key issue in recruiting Jordanians is demographics. Garment factories are absorbing most of the young female work force eligible for such work. Young males are not inclined to do this work, for social and cultural reasons. The QIZ factories are still attracting some young men to sewing lines and more to the limited numbers of packing and shipping jobs. The older generations of unemployed and underemployed are not attracted to this type of work. At the same time, manufacturers -- including those who formerly had 100 percent Jordanian labor -- need productive, experienced workers, who can more easily be obtained from overseas.

Training Jordanians to Do the Job

110. (U) The other main obstacle to increasing the percentage of Jordanian QIZ employees is the lack of relevant skills. To address the deficiency of qualified textile and garment workers, the MOL has two training projects underway and also endeavors to negotiate individual training agreements with new investors. Last year the MOL through USAID contracted with the Jordanian firm Textile Technology Centers (TTC) to train 4,000 Jordanian garment workers by July to meet the increasing labor demand at QIZs. However, MOL difficulties in securing financing for the current phase of this training program will delay completion of the program past July. Already 2,500 have been trained in paid five-week courses led by Tunisians experienced in modern garment factory production techniques. TTC is training up to 120 Jordanian trainers who will need years of experience to reach the levels of TTC's current, effective trainers. Preliminary assessments from the first phase show that most of the trainees are now working.

111. (U) The Village Program at Tajamouat Industrial City has grown to about 1000 mainly women from the south of Jordan, where jobs are scarce and unemployment is high. These workers live in dorms and contract to work 60-hour weeks. Dormitories have inside supervisors, who act as chaperones. Every two weeks the company buses the workers back to their villages to see their families for two days. A Ministry of Labor senior officer and two Social Welfare workers are assigned in an office at Tajamouat to pay special attention to the village group and to visit and coordinate with their families. The MOL also sponsors special events for them.

Other MOL officers at Tajamouat monitor the condition of the industrial park, as MOL officers do at all of the other QIZs.

Tajamouat management, which sees the village program as a way to provide factories with dedicated workers, has a cost-sharing program with the MOL for the first year. After that, the factories will absorb all dorm and food costs.

The Union View

12. (SBU) According to union and Solidarity Center representatives, physical working conditions in the QIZs are generally good and the MOL helps maintain those conditions by inspecting sites, checking records, and interviewing workers. Fathallah Omrani, President of the General Trade Union of Workers in Textile, Garment and Clothing Industries, says labor difficulties at the QIZs have gone down by 80 per cent since the early days. Most problems the union confronts in QIZs are a result of Jordan-based foreign managers, and are often compounded by language barriers. These problems are usually amicably resolved with the MOL's assistance, though some do end up in courts. The union's major complaints remain delayed salary payments, which they list as the leading problem, and extremely long working hours for foreign workers, sometimes up to 14 hours per day, which is over the legal limit. Other complaints include the lack of raises, e.g. cost of living adjustments, and the need for better health care or insurance coverage.

13. (SBU) Participation in most unions or professional associations is mandatory in Jordan, but this is not the case with garment workers in the QIZs. However, union officials note that, given the preponderance of small manufacturers outside the QIZs, it is actually easier to do union organizing in the QIZs. While foreign workers are difficult to organize given both language barriers and the closed &company town8 lifestyle they live, union leaders view their organization as representing all workers in this sector. In fact, though foreigners are legally barred from Jordanian union membership, these leaders have confirmed that they register foreign workers in the trade union, with Egyptians given as a specific example.

14. (SBU) Despite his upbeat view of QIZs and their potential, Omrani says there has been little improvement for the average Jordanian as a result of the QIZs, pointing out that the primary benefit of QIZs is entry-level jobs. To help illustrate the point, he added that the lowest minimum wage his union has negotiated in a non-QIZ carpet factory is 130 JD (183 USD) per month. When asked whether working conditions are better outside the QIZs, though, he said they were merely different.

Comment

15. (U) This report focuses on the typical QIZ factory worker. In addition to as many as 38,000 garment workers in the peak season, QIZs account for thousands of jobs in backward linkage economic sectors, from trucking and transportation to food and services industries. The QIZs, overall contribution to an improved employment picture has never been documented, however. In addition, gains in QIZ employment were offset by job losses in factories formerly producing goods for what was a large monopoly market in Iraq until the war last year.

16. (U) On worker wages, the longest-operating QIZ factory was six years old this past March. Those Jordanians who have been employed from the beginning are seeing sizeable monthly paychecks, anecdotally placed at over 200 JD (282 USD) a month. As more workers gain experience in mass production of garments, there is a reasonable expectation that the low entry-level wages paid to inexperienced Jordanians will increase over a relatively short time.

17. (SBU) Finally, QIZ employment has an impact on rural development and women's empowerment. Under the Village Program, most of the employees are women from rural areas who have never before received an income. Not only do the QIZs provide these and other women with salaries of their own, but they also generate a new source of revenue for their families and a boost to rural economies. Many female QIZ employees reported to us significantly increased social status in their families and communities, and more respectful treatment by male relatives as a direct result of their QIZ employment.